



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

July 25, 2022

Supervisor Catherine Stefani
City Hall, Room 244
City and County of San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Supervisor Stefani:

Thank you for agreeing to introduce the Board of Supervisors resolution approving, for the purposes of the Internal Revenue Code, the issuance of tax-exempt obligations (the "Obligations") by the California Enterprise Development Authority (the "Authority") on behalf of San Francisco University High School, a California nonprofit public benefit corporation (the "Borrower"), to finance and/or refinance certain capital facilities owned and operated by the Borrower as summarized below. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, July 26, 2022.

Pursuant to the Tax Equity and Fiscal Responsibility Act (TEFRA), to facilitate the tax exemption of interest on the Bonds the City is required to conduct a public hearing and to approve the financing by the Authority. The Office of Public Finance held such hearing on Monday, July 25, 2022, notice of which was published on the City's public notices page on July 18, 2022. No public comments were heard or received through the public hearing process. The action by the Board will acknowledge that the hearing was duly held and that the financing is proceeding. The Obligations will be issued in an aggregate principal amount not to exceed \$49 million. I have performed a limited due diligence review of information pertaining to the project and proposed financing that I have summarized below.

The Borrower

Opened in 1975, San Francisco University High School was established by a youthful board of trustees and community activists in response to a deeply felt need for an innovative, co-educational, independent secondary school in the Bay Area who shared a vision of a school that could be a model of equity and excellence. San Francisco University High School welcomes students of demonstrated motivation and ability to engage in an education that fosters responsibility and the spirited pursuit of knowledge, and works to build and sustain a community of diverse backgrounds, perspectives, and talents. The school has an enrollment of 421 students and a faculty of 75 as of the 2021-2022 school year.

The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) to finance the cost of demolition, construction, installation, equipping and/or furnishing of the Borrower's educational and related facilities located at 3150 California Street, San Francisco, California 94115, including a new approximately 48,000 square-foot three-story building, which is expected to include, among other things, classrooms, a student center, faculty and staff offices, food service, and a gymnasium (which may also be used as a school gathering space) (the "Project"), and (ii) to pay various transaction costs and related costs.

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Obligations in an amount not to exceed \$49 million. Bond Counsel on the transaction is Norton Rose Fulbright US LLP.

Public Approval Process

The City and County of San Francisco is a participating member of the Authority, a joint powers authority. The Authority is authorized to issue bonds, notes, certificates of participation, or other forms of indebtedness, including refunding previously issued debt. As noted above, federal tax law requires that the governing body of the jurisdiction in which the project is located approve the financing and the project after providing the opportunity for a duly-noticed public hearing before the Bonds may be issued on a tax-exempt basis. Your assistance with this matter is greatly appreciated. Please contact me at (415) 554-4862, if you any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi

Bond Analyst, Office of Public Finance